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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
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RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3236
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1051
RUEHKO/AMEMBASSY TOKYO PRIORITY 0922
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1499
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEHVEN/USMISSION USOSCE PRIORITY 2101
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
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UNCLAS SECTION 01 OF 02 ASHGABAT 000060

SIPDIS

SENSITIVE
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STATE FOR SCA/CEN, EEB
USAID/W FOR EE/AA

E.O. 12958: N/A
TAGS: [PGOV](#) [ECON](#) [EFIN](#) [TX](#)
SUBJECT: TURKMENISTAN: MOVING TOWARDS A UNIFIED EXCHANGE RATE

REFS: A) ASHGABAT 0017

B) 07 ASHGABAT 1403
C) 0 ASHGABAT 1230

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: The Government continues to prohibit almost all currency exchange operations outside of banks. Although the "commercial" rate remains stable for cash operations, the Central Bank of Turkmenistan has not yet issued clear instructions on what rate foreign and domestic businesses should use for their transactions, according to the General Manager of the National Bank of Pakistan. If persistent rumors of unavailability of dollars prove true, a return to a black market is most likely. As small as it is, the private sector and the general public are skittish about the very unclear situation, especially in light of food and other consumer prices that have continued to rise since late 2007. END SUMMARY.

LATEST ON THE "COMMERCIAL RATE"

13. (SBU) Two weeks after the announcement of the new exchange rate policy on December 27, 2007, the so-called "commercial" rate (former unofficial exchange rate) remained stable. Government-sanctioned exchange points continue to buy U.S. dollars for 19,800 manat and sell for 20,000 TM. Unofficial exchange booths are still closed, and a heavier-than-usual police presence at normal exchange points further restricts street money changers from doing business. However, such changers manage to guardedly buy dollars at various locations, including at major markets, at a lower rate of 19,500 manat or even 19,000 manat. The Embassy could not confirm if and at what rate the street changers sell dollars.

14. (SBU) During a meeting with EmbOff, the National Bank of Pakistan (NBP) General Manager Rizwan Khan said that the new commercial rate is used only for cash operations. According to the banker, the Central Bank of Turkmenistan (CBT) has yet to issue detailed

instructions on how, if at all, to use the commercial rate for electronic transfers. The NBP is cautiously watching developments and is not currently providing any cash exchange services to its clientele.

THE OFFICIAL RATE

15. (SBU) Khan also informed the Embassy that the Central Bank of Turkmenistan instructed the NBP to use the new official rate of 6,250 manat to the dollar for all electronic transactions. The NBP has a broad client base among international companies and diplomatic missions and projects, and is the only foreign bank in Turkmenistan.

(NOTE: There is also a Turkmen-Turkish joint-venture bank operating in Turkmenistan. END NOTE.) Post had initially been told by its bank (Vneshekonombank Bank) that it should use the commercial rate for all wire transfers, but several days later rescinded its decision and requested that we wait for additional instructions. Post understands from the NBP that import/export contracts also have to be signed using the 6,250 manat official rate. Additionally, there are reports that businesses are unable to purchase dollars at that rate and are forced to buy at 20,000 manat. The Presidential Resolution announced on December 28, 2007, allows state entities to trade dollars at the commercial rate. It is unclear at this stage, though, whether such entities are obtaining dollars at 6,250 manat and selling at 20,000 manat. (NOTE: The AmCit local manager for Boeing told us January 12 that his office must use the 6,250 manat rate. END NOTE.)

EXCHANGE POINTS

16. (SBU) The Government of Turkmenistan originally licensed 20 exchange points to do foreign exchange in Ashgabat and a total of 105 around the country. However, Khan believes that more will be opened, but only by the authorized banks. The Embassy has been able

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to confirm at least one new exchange point that opened on January 9 in the Yimpash Supermarket and Shopping Mall in Ashgabat. The Turkmen-Turkish JV Bank is operating it.

17. (SBU) COMMENT: The foreign exchange process in Turkmenistan still raises concerns whether foreign and domestic private companies will have access to dollars at a fair market rate. The huge difference between the official and commercial rates may once again lead to economic rent-seeking and corruption. Another negative development is that the prices of staple foods continue to rise while those who have access to dollars are getting fewer mantas in exchange. END COMMENT.

HOAGLAND